

FISCAL NOTE

SB 3194 - HB 3322

March 10, 2004

SUMMARY OF BILL: Exempts mutual fund distributions taxed as capital gains for federal income tax purposes from the Hall Income Tax. Currently, mutual fund distributions are subject to the Hall Income Tax if they are taxed as dividends or capital gains for federal tax purposes.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - \$22,500,000 Recurring beginning in FY05-06

Decrease Local Govt. Revenues - \$7,500,000 Recurring beginning in FY05-06

Estimate assumes:

- Twenty-five percent of Hall Income Tax liability is associated with mutual fund distributions classified as capital gains for federal tax purposes.
- Hall Income tax collections of \$126,000,000 for FY04-05.
- The impact to state and local governments will not occur until FY05-06 because the majority of the Hall Income tax is received during the April filing season.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in cursive script, appearing to read "James W. White".

James W. White, Executive Director